The following amendment has been made to RNS 2436M released today at 07:00am. The adjusted Profit after Tax is £14.7m, an increase of 116.2%, and not as originally shown.

FOR IMMEDIATE RELEASE **22 January 2008**

Safestore Holdings plc
("Safestore" or the "Company")

Preliminary Results for the year ended 31 October 2007

Safestore Holdings plc, the largest self storage retailer in the UK and Paris, is pleased to report its preliminary results for the year ended 31 October 2007.

Highlights

	Year ended 31 October 07	Year ended 31 October 06	Increase %
Revenue	£74.3m	£64.3m	15.5%
Like-for-like revenue*	£72.6m	£63.7m	14.1%
Ancillary revenue	£10.4m	£8.5m	23.0%
EBITDA before exceptional items and gains on investment properties**	£40.7m	£33.5m	21.7%
Profit after Tax ("Earnings")	£78.2m	£45.1m	73.2%
Adjusted Profit after Tax (1)	£14.7m	£6.8m	116.2%
Basic Earnings Per Share ("EPS")	43.02p	26.31p	63.5%
Adjusted EPS (1)	8.08p	3.95p	104.6%
Net Asset Value ("NAV") per Share	132.5p	79.5p	66.7%
Adjusted NAV per Share (2)	198.8p	138.4p	43.6%
Dividend – Final per Share	3.0p	-	
Total per Share	4.5p	-	

1 See note 8
2 See note 12
* Like for like stores are those stores which have two full financial years trading
** EBITDA – Earnings before interest, taxation, depreciation and amortisation
*** EBITDA margins –Earnings before interest, taxation, depreciation and amortisation, exceptional items and investment property gains

- Average rate per square foot ("sq ft") increased by 8.3% to £21.56 (like-for-like increase of 9.6% to £21.88).
- Closing occupancy increased by 7.4% to 2.91 million sq ft.
- EBITDA margins*** have increased by 2.8% to 54.8% (2006: 52.0%).

- As at 31 October 2007, Safestore's property portfolio was valued at £583.7 million, an increase of 24.0%, or £113.1 million, since 31 October 2006. This represents an increase of 17.4%, or £85.8 million, since 30 April 2007.

- During the financial year, Safestore successfully opened six new stores at Slough, Guildford, Hayes, Newcastle, Eastbourne (relocation), Kremlin Bicêtre (Paris) and two satellite stores in Burnley and Stevenage. We also extended the leases on three stores during the period.

- The pipeline of expansion stores has increased to 18 of which one has now opened. Of the remaining 17, ten are due to open in 2008 with a further seven planned to open in 2009/10. The expansion pipeline will increase the total number of current stores in the portfolio from 104 to 119 with two relocations.

- Total Maximum Lettable Area ("MLA"), combined with the expansion stores will increase to approximately 5.34 million sq ft.

Steve Williams, Safestore's Chief Executive, said:

"We are pleased to report good growth in all our key performance indicators during the year which, combined with tight cost controls, has resulted in strong financial results.

"In line with our strategy, we have continued to increase our development pipeline and remain confident in delivering our expansion programme within the next two years. The Board has recommended a final dividend of 3.0 pence per share, resulting in a total dividend of 4.5 pence per share for the full year.

"Current trading in the first quarter is consistent with historic seasonal trading patterns and revenues remain in line with our expectations. We look forward to the traditionally stronger second and third quarters of the financial year.

"We believe that the fundamentals of our business remain robust and this, along with the increasing awareness of self storage, will enable the Company as the market leader in both the UK and Paris, to take advantage of a growing sector. While the broader economic environment is uncertain, Safestore has a resilient business model, strong operating skills and a high quality asset base which will underpin our performance."

ENDS

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A presentation for analysts will be held at 10am today at 60 Cannon Street, London. EC4N 6JP

The analyst presentation document will be available for download on Safestore's investor relations website: www.safestore.co.uk

Certain statements in this announcement are forward looking statements. By their nature, forward-looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties or assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement. Information in this announcement relating to the price at which investments have been bought or sold in the past or the *yield on investments cannot be relied upon as a guide to future performance. Except as required by law, the Company is under no obligation to update or keep current the forward-looking statements contained in this announcement or to correct any inaccuracies which may become apparent in such forward-looking statements.*

Chief Executive's Review

Introduction

I am pleased to report another year of good progress. This year has been both busy and exciting with the continued growth of the business and our listing on the London Stock Exchange on 9 March 2007. Revenue for the year rose 15.5% to £74.3 million (2006: £64.3 million) with like-for-like store revenue increasing by 14.1% to £72.6 million (2006: £63.7 million).

The key drivers for revenue growth have been the increases in occupancy, rates and ancillary revenues: occupancy rose by more than 200,000 sq ft (7.4%) to 2.91 million sq ft, the average rate per sq ft increased by 8.3% to £21.56, and ancillary revenues were up 23.0% to £10.4 million. All these key performance indicators have shown good growth during the year which, combined with tight cost controls, has resulted in a 21.7% increase in EBITDA (before exceptional items and investment property gains) to £40.7 million (2006: £33.5 million). EBITDA margins have increased to 54.8% (2006: 52.0%).

In June 2007, Safestore reached a significant milestone in its development with the opening of its 100th store. During the year, we opened six new stores at: Slough, Guildford, Hayes, Newcastle, Eastbourne and Kremlin Bicêtre (Paris), as well as two satellite stores at Burnley and Stevenage. The new purpose built facility in Eastbourne allowed us to relocate from our previous site which has now closed. Six of the eight newly opened properties are purpose built facilities and the remaining two have been highly specified conversions. Each of the new stores has had a promising start and are trading in line with our expectations.

Following the successful acquisition of new development sites and properties, our pipeline of expansion stores has increased to 18 (including two relocations), all of which are planned to open within the next two years. Of these expansion stores, 14 are freehold/long leasehold, four are short leaseholds and ten have planning permission already granted. We are confident in our ability to obtain planning consent for the remaining eight stores. Of the 18 expansion stores 14 will be new purpose built facilities and four highly specified conversions of existing buildings. I am pleased to report that since the financial year end we have opened one of these stores in Glasgow bringing the total number (excluding satellite stores) to 104.

These expansion stores will deliver approximately 0.9 million sq ft of additional net lettable space, resulting in approximately 5.3 million sq ft of self storage space when fully fitted out. We believe that our development pipeline has clear visibility and we are confident in delivering our stated objective of expanding by seven to ten stores per annum.

Operating Review

The self storage model is based on three key drivers: growth in occupancy, rates per sq ft and ancillary revenues. During the year, we have achieved positive results across all three key metrics in both the UK and France. Using the same key performance indicators, both established and mature stores have performed strongly across all regions, with the occupancy growth in new stores being particularly encouraging having exceeded our own expectations.

The number of enquiries has continued to rise during the year. The Web and store signage are increasingly becoming the main drivers behind enquiries compared to other channels. Both have shown good growth, leading to a high level of new lets during the period with the traditionally busiest period of spring and early summer being particularly strong.

Neil Riding, Chief Operations Officer, and his team have focused on call capture and web enquiries during 2007 to ensure that Safestore gets the maximum conversion rate from the generated enquiries. While significant progress is being achieved, there is still plenty to aim for in this area.

At 31 October 2007 we had in excess of 39,000 customers, an increase of 9.2% over the previous year. The average length of stay for current customers has increased to 80 weeks from 73 weeks in October 2006 and 77 weeks in April 2007.

Our focus has also been to further improve our customer service. We have made a significant investment in this area and have devoted considerable time to improving the quality of the customer experience through our customer service reports (led via mystery shoppers) in our stores across the UK and France.

We continually seek ways to improve the experience of our customers whilst visiting Safestore, with the aim of offering excellent value for money, while maintaining a healthy increase in rates per sq ft. We aim to achieve these objectives through the micro management of pricing and space utilisation within each of the stores and continued investment in the portfolio. So far, this approach has resulted in continued improvements in the rate per sq ft. The average rate per sq ft has grown by 11.2% to £26.92 in London (2006: £24.20), 4.8% (6.3% in constant currency) to £20.94 in Paris (2006: £19.98) and 7.2% to £17.80 in the rest of the UK (2006: £16.61).

Property

The strong combination of a retail led business with a significant property asset base has consistently delivered high quality cash flow and earnings. Our UK business now has significant footholds in major Cities including London, Glasgow, Edinburgh, Manchester, Birmingham and Bristol as well as the South East and North West. This is in line with our strategy of clustering stores, giving us a competitive advantage in key markets and maximising convenience for our customers.

The majority of the expansion stores are in existing markets, further strengthening our position, and two stores are situated in areas where we are not currently represented. I am pleased with the balance we have been able to achieve in terms of the geographic spread of new and expansion stores across the UK. The development plan consolidates our position as the only self storage company with a national footprint and we remain fully committed to our strategy of furthering our presence across the UK.

During the year we have invested £45.5 million, of which £8.4 million has been invested in the existing store portfolio. Of this £1.5 million has been to build out further self storage space, £0.6 million has been spent on signage with the balance of £6.3 million being spent on improvements and maintenance to the general fabric of the portfolio. This has resulted in improved facilities for customers such as additional lighting, increased levels of security, more 24-hour access and general improvements to the ambience of the storage and reception areas. This investment is crucial in maintaining Safestore as one of the recognised European leaders in self storage.

We have continued to build out additional self storage units and stand-alone drive up units in a number of the stores, thereby increasing storage space and options. We have also improved the level of signage and external illumination in our stores which has contributed to the significant increase in enquiries.

Our aim is to grow our business by adding seven to ten new stores per annum. This will not only add between 320,000 sq ft and 500,000 sq ft of new space on an annual basis, but will also continue to improve the quality of the store portfolio. Two of the new purpose built expansion stores will replace two of our smaller first generation stores. The balance between mature, established and new stores should ensure there is minimal risk in a business with a good quality cash flow.

Our French subsidiary “Une Pièce en Plus”, managed by Frédéric Vecchioli, is focused on the Paris region, the most developed self storage market in France. It has a strong foothold in central Paris and has continued to demonstrate solid growth during the year following the opening of a new store at Kremlin-Bicêtre and the significant increase in MLA at our existing store in Clichy. The business now operates 20 stores, all branded under the “Une Pièce en Plus” name. The strategy is similar to that of the UK in that we look to cluster our stores. The addition of Kremlin Bicêtre, plus a new store due to open in Central Paris in 2008, and a further store planned to open in 2009, will further consolidate our market leading position in this important and growing market.

Safestore has retained its No.1 position in the UK and Paris in terms of number of stores. Our aim is to maintain this market leadership without jeopardising our prudent but flexible approach to the terms we are willing to agree to for new stores. Our new store model is flexible in terms of size and tenure; which we believe gives us an advantage over some of our competitors. With the current uncertainty in the real estate market we will constantly review our financial evaluation model and the required rate of return. We believe that the current market conditions will be in favour of well branded self storage companies that have good covenants and solid earnings growth enabling Safestore to purchase land and property at a level which provides good returns while further increasing the barriers to entry. At this stage we have seen no evidence of the market softening for prime quality self storage assets.

The estate is managed in-house with regular reviews of the portfolio on an individual and collective basis, with particular attention paid to the value of each property, as well as opportunities for additional revenue streams and cost savings. During the period we have extended the leases on three stores which has enhanced the value of these businesses. We continue to review opportunities to buy the freehold of leasehold stores or to extend leases where appropriate and prudent.

All stores are regularly reviewed in terms of development potential. During 2007 we added two satellite stores and increased self storage space in a number of our current stores. We are currently reviewing stores for extensions or additional self storage in 2008/09.

Retail Store Portfolio

At the year end the Company had 103 stores (including three business centres) of which 83 were in the UK and 20 in France. 14 of these stores were classified as new (open for less than two full financial years), 54 established (open for more than two years, but not prior to 1998) and 35 mature (pre-1998). The geographical breakdown includes 36 stores in London, 47 in the rest of the UK and 20 in Paris. The right balance between the various categories provides good solid cash flows in the mature stores with earnings similar to annuities, while the established stores and new stores deliver real growth upside.

The 103 stores provide 4.47 million sq ft of MLA of which 3.63 million sq ft is in the UK and 0.84 million sq ft in France. At 31 October 2007, 2.91 million sq ft was let, of which 2.31 million was in the UK and 0.6 million in France. Average occupancy compared to MLA was 67.3% for the Company with London at 77.9%, Paris at 73.0% and the rest of the UK at 59.1%. Occupancy in the rest of the UK continues to grow well. The average occupancy percentage is affected by the increasing number of new stores which have exceeded our expectations in early trading, and the number of large stores which have a built out area in excess of 60,000 sq ft.

The average store size for the Company is 42,000 sq ft, although we have stores smaller than 20,000 sq ft and greater than 100,000 sq ft, all of which trade profitably.

The breakdown of freehold/long leasehold and short leasehold across the whole portfolio is as follows:

Existing Portfolio	**UK**	**% of Portfolio**	**France**	**% of Portfolio**	**Total**	**% of Portfolio**
Freehold/Long Leasehold	52	63%	5	25%	57	55%
Short Leasehold	31	37%	15	75%	46	45%
Total	**83**		**20**		**103**	

Expansion Stores Pipeline as at 31 October 2007	**UK**	**% of Portfolio**	**France**	**% of Portfolio**	**Total**	**% of Portfolio**
Freehold/Long Leasehold	12	75%	2	100%	14	78%
Short Leasehold	4	25%	-	-	4	22%
Total	**16**		**2**		**18**	

In France, the short leasehold properties have commercial protection rights and have similar characteristics to UK freehold sites.

Of the expansion stores above, 14 will be purpose built state of the art self storage centres and four highly specified conversions.

Retail and Operational Focus

The Company has a dedicated operations team which consists of eight regional managers and two divisional directors in the UK and two regional managers in France. The UK Operations team is headed by Neil Riding, Chief Operations Officer, and the French Operations team is headed by Laurent Judas. In both the UK and France we also have a dedicated Retail Services team based in Head Office.

We have clear processes and procedures in place to deal effectively and professionally with each new enquiry. Comprehensive training, coaching and monitoring is in place to ensure we obtain the maximum conversion rate while giving excellent customer service and value for money.

All customers are encouraged to visit the store and undertake a store tour so they can fully understand the proposition and the full range of services as well as see the secure environment in which their possessions are stored.

Each customer is offered the option of a risk free reservation in order to reserve the room of their choice for an agreed period.

The emphasis is on a welcoming atmosphere and a professional and friendly service. The reception areas are designed to make the customer feel comfortable and wherever possible provide an area for a discrete discussion of their needs.

Safestore was the first self storage retailer to recognise that this industry was a customer led, retail service proposition and, as such, has first mover status in a number of customer facing service initiatives. We believe that this, combined with the micro management of pricing and our space management techniques, has been instrumental in delivering continual occupancy growth and improved rates per square foot.

The focus during 2008 will be to further improve call capture and conversion rates from the increasing number of enquiries that are being delivered through our marketing strategy.

Security

Security of our premises, customer contents, customers and employees remain a top priority of the Company. Safestore has a risk manager who is focused on all aspects of security and health and safety. We constantly review all our processes and procedures to ensure that we provide the highest levels of security and safety within our stores for both our customers and employees. This is a crucial element of the service we provide to our customers, who leave their valuables within our care. Many customers continue to see this as their highest priority and an important factor in determining which self storage company they choose. It also ensures that we are focused on protecting the assets of the business.

We continue to invest heavily in security technology within our new stores and the existing estate. The elements of security include automated swipe card entry, mechanised gates and doors, additional digital cameras and monitors and increased lighting. We work closely with the appropriate authorities in the UK and France and the Self Storage Association.

Safestore has a strict policy in monitoring all new customers and has clear signage on goods that cannot be stored within the buildings.

Systems

Safestore continues to place high importance in its administrative and IT systems and believes that leading IT technology will give the Company a competitive edge. Having upgraded our capacity and hardware in 2006 we have concentrated on improving the effectiveness and efficiency of our systems during 2007.

A great deal of emphasis has been placed on ensuring that we extract the best value from our data and systems. All stores in the UK and France now share the same trading system and platform ensuring simplified and standardised reporting across the group and more efficient development of enhancements.

By working closely with Operations and as an integral part of the business, our IT team has enhanced reporting both in terms of quality and speed. By using the in-house knowledge of the systems and operations they have also automated many previously manual business processes saving time and resource across the estate.

Our IT team consists of the Head of IT and a support team of three people in the UK, plus one other person in France. We also have a Business Analyst who works closely with the IT and Operations teams.

Marketing

The Company is committed to ensuring that it maintains its leading market position. During the period under review, the Company has concentrated on targeted marketing activities specifically in relation to the internet and signage. Whilst we are pleased with the increase in awareness of the Safestore brand and the heightened awareness of self storage in general we are particularly pleased with the increased level of enquiries generated from the Web and store signage. This will again be a key part of our marketing efforts during 2008.

The Web has now become our highest driver of enquiries; just ahead of signage although the latter still gives us the greatest volume of business due to the higher conversion rate. During the period we recruited an experienced web professional to specifically manage our website and all aspects of search engine optimisation, strategic alliances and web sponsorship and are already seeing the benefits of this investment.

We believe that the targeted marketing strategy deployed during the year has enabled Safestore to take increased market share in the growing medium of the internet and will continue this strategy in 2008. The marketing team will fully concentrate on all aspects of ‘push & pull’ targeted marketing supported by a range of mass and specialist media activity.

We continue to reduce our commitment to directories as the number of enquiries from this medium continues to diminish. It is however still an important source of enquires, particularly in some parts of the UK and will therefore still command a significant, if lessening percentage of our marketing spend.

In France, we have continued with our strategy to integrate all stores in the portfolio and re-brand them under the “Une Pièce en Plus” name. The four main drivers for enquiries mirror those in the UK, namely signage, web, directories and referrals. Our two main areas of investment are the internet, which yields the largest number of enquiries and Le Metro, where “Une Pièce en Plus” advertises all year round. This investment strategy will continue in 2008.

The overall investment in resource and expenditure will be continued during 2008 with approximately 4% of group revenue budgeted for the advertising spend in the financial year.

Real Estate Investment Trusts (“REITS”)

We continue to examine the possibility of converting our businesses into a REIT, but as we have previously highlighted, we currently benefit from carried forward tax losses, and, whilst we can utilise the tax losses there is no need to convert. Having reviewed our tax position at the year end we consider it unlikely that the Company will pay tax in the current financial year. We will continue to monitor the position and consider conversion to a REIT at such time as it would be financially advantageous to do so.

Corporate and Social Responsibility

Safestore has a responsibility to all its stakeholders including customers, shareholders, its employees and the communities in which we operate.

We have programmes in place at our stores to ensure compliance with legislative requirements and in the majority of instances we seek to exceed the laid down guidelines. In new stores we are very aware of any impact to the community and the environment and as such strive to ensure that we work with the relevant bodies to build high specification stores that provide a support to the local community in which we operate.

All our stores are able to give space to charities either on an ongoing planned basis or in the event of a local, national or global emergency. Our stores can also request sponsorship for local community projects.

We provide a service to the local community with the majority of our customers living within five miles of their local store. The service we provide can be for a short term emergency or event or for a much longer term where the customer seeks an extra room. All our stores have both local and national business customers. Self storage is an ideal solution for local entrepreneurs just starting in business as well as an ideal solution for large corporate business customers operating across the UK. We seek the views of customers on a regular basis both formally and informally and consistently review the services we offer.

Our investors and bankers provide capital for the business and we aim to keep them informed on a regular basis through a variety of media including the investor web site and quarterly updates. Our aim is to build on our market leading position and continue to successfully grow the business and provide an attractive total return for our investors.

We are currently reviewing how we can further our support of local communities and the environment and to this end we have set up a working party reporting regularly to the Executive Directors.

People

We strongly believe that our people are our greatest asset and that they are a key differentiating factor between Safestore and its competitors.

During the year the Board has been strengthened by the appointments of Roger Carey and Richard Grainger as Non-Executive Directors. Both appointments have given the Board additional support in the key areas of real estate, corporate finance and corporate governance adding to the existing strong background the Board has in retailing and the service industry.

We are pleased to announce that David Penniston has agreed to join as Property Director of Safestore's Operational Board with effect from 3 March 2008 following the resignation of Neil Moulder. David joins us from Whitbread where he has been employed for the last 5 years, firstly as Property Director of David Lloyd Leisure and more recently as UK and Ireland Development Director for Whitbread. He has extensive experience within the real estate and retail sector having previously worked for Sainsbury's and Waitrose. The Board would like to thank Neil for his significant contribution and commitment over the past five years and wish him the very best for the future.

The senior management team has a wealth of experience in a number of sectors and a proven record of accomplishment within the self storage industry for improving existing operations as well as turning around acquired underperforming businesses. It is the only management team in the UK self storage sector with the proven expertise to successfully acquire and integrate other self storage businesses both in the UK and Europe, whilst realising their growth potential. The team has expanded over the past 18 months and has a depth of expertise and experience which we consider is unsurpassed in the industry. This gives the Company confidence that we can continue to build on our market leading position as a first class self storage provider.

We continue with our comprehensive training programme for all store employees and Head Office personnel. Since the year end we have further supplemented our HR team and recruited an additional trainer who is bilingual to facilitate common training in both the UK and France.

All our people, at every level, have annual appraisals and six monthly reviews which are linked to pre-set competencies that highlight personal development needs, as well as department and corporate training requirements.

All part-time and full-time employees participate in an annual bonus scheme which is aligned to the Group's financial performance and each individual's personal objectives. In addition, our store teams and field management participate in a monthly incentive scheme related to specific key performance indicators. This scheme is designed to recognise and reward personal achievements and stores' performances, as well as the Company's performance with the aim of ensuring we have highly motivated teams in each of our stores.

Since listing on the London Stock Exchange, the Company has implemented a Share Save Scheme for all employees who have been employed for a qualifying period of 12 months. All members of the team have been invited and encouraged to join the scheme which has very flexible savings plans within the HMRC guidelines.

On behalf of the Board I would like to thank all our people throughout the UK and France for their continued commitment and support and to congratulate them once again for achieving such excellent results.

Outlook

Current trading in the first quarter is consistent with historic seasonal trading patterns and revenues remain in line with our expectations. The first quarter of the financial year is always the weakest occupancy quarter and we therefore look forward to the traditionally stronger second and third quarters of the financial year.

We believe that the fundamentals of our business remain robust and this, along with the increasing awareness of self storage, will enable the Company as the market leader in both the UK and Paris, to take advantage of a growing sector. Whilst the broader economic environment is uncertain, Safestore has a resilient business model, strong operating skills and a high quality asset base which will underpin our performance.

S W Williams
Chief Executive Officer
22 January 2008

Financial Review

International Financial Reporting Standards ("IFRS")

This report is prepared in accordance with IFRS and includes a summary of the Group's IFRS accounting policies together with further details on the key performance measures.

Results of Operations

The table below sets out the Group's results of operations for the year ended 31 October 2007 (Financial Year 2007) and the year ended 31 October 2006 (Financial Year 2006), as well as the year on year change.

	Year ended 31 October 2007 £'000	2006 £'000	% Change
Revenue	**74,303**	**64,313**	**15.5%**
Cost of sales	(23,469)	(21,853)	7.4%
Gross profit	**50,834**	**42,460**	**19.7%**
Administrative expenses	(9,474)	(16,112)	(41.2%)
Operating profit before gains on investment properties	**41,360**	**26,348**	**57.0%**
Gains on investment properties	81,264	63,631	27.7%
Operating profit	**122,624**	**89,979**	**36.3%**
Net finance costs	(19,006)	(28,993)	(34.4%)
Profit before income tax	**103,618**	**60,986**	**69.9%**
Income tax expense	(25,433)	(15,849)	(60.5%)
Profit for the year	**78,185**	**45,137**	**73.2%**

Revenue

Revenue for the Group consists primarily of revenue derived from the rental of self storage space, ancillary products such as insurance and merchandise such a packing and storage products in both the UK and France.

The table below set out the Group's revenues by geographic segment for each of the Financial Years 2007 and 2006.

	Year ended 31 October 2007 £'000	% of Total	2006 £'000	% of Total	% Change
United Kingdom	61,440	82.7%	52,932	82.3%	16.1%
France	12,863	17.3%	11,381	17.7%	13.0%
Total revenue	**74,303**	**100.0%**	**64,313**	**100.0%**	**15.5%**

The Group's revenue increased by approximately £10.0 million (an increase of 15.5%) from £64.3 million in Financial Year 2006 to £74.3 million in Financial Year 2007. As covered in the Chief Executive's Report, the key drivers for revenue growth have been the increases in occupancy (growth of over 200,000 sq ft year on year), average rate per sq ft (growth of 8.3%) and ancillary revenues (growth of 23%). It is pleasing to note that both the UK and France have contributed significantly to the overall increase in revenue in the year.

Cost of sales

Cost of sales consists, principally of staff salaries, business rates, utilities, insurance and repairs and renewals. The Group's cost of sales increased by £1.6 million or 7.4% from £21.9 million to £23.5

million in the year to 31 October 2007. The main reasons for the increase in the year are additional costs relating to the new stores opened in the year, the higher levels of business this year on last and general inflationary pressure.

Administrative expenses

Administrative expenses consist principally of directors' salaries, head office salaries, marketing and advertising expenses and depreciation and amortisation expenses. The Group's administrative expenses in both years were significantly affected by exceptional items. Administrative expenses decreased by £6.6 million or 41.2% from £16.1 million to £9.5 million in Financial Year 2007. The main reason for this is the movement in exceptional items between the two years. In Financial Year 2007 the exceptional items net out to a credit of £0.8 million compared to a charge of £6.2 million in the prior year. This is set out in more detail below.

EBITDA before exceptional items and gain on investment properties

EBITDA before exceptional items is calculated as follows for Financial Year 2007 and Financial Year 2006:

	Financial Year 2007 £'000	2006 £'000
Operating profit	122,624	89,979
Less gain on investment properties	(81,264)	(63,631)
Plus depreciation	123	103
Plus goodwill impairment	-	756
(Less)/plus exceptional items	(758)	6,245
EBITDA before exceptional items	**40,725**	**33,452**

The Group's EBITDA before exceptional items increased by £7.3 million or 21.7% from £33.5 million in Financial Year 2006 to £40.7 million in Financial Year 2007. This increase principally reflects the increase in revenues discussed above.

Exceptional Items

	Financial Year 2007 £'000	2006 £'000
IPO related costs	(2,157)	-
Release/(creation) of IFRS 2 cost of shares provision	3,222	(6,245)
Other exceptional items	(307)	-
Exceptional income/(expense)	**758**	**(6,245)**

As noted in the administrative expenses section above, the exceptional items net out to a credit of £0.8 million in Financial Year 2007 compared to a charge of £6.2 million in the prior year. The only exceptional item in Financial Year 2006 was the creation of an IFRS 2 share related provision of £6.2 million, £3.2 million of which was released in the current Financial Year. The release of the over provision from the prior year more than offsets the costs for the IPO taken to the income statement (£2.2 million) and the other exceptional charge of circa £0.3 million which mostly relates to costs associated with the residual pension scheme.

Gains on Investment Properties

Gains on investment properties consists of the fair value revaluation gains and losses with respect to the investment properties under IAS40. The Group's gain on investment properties was £81.3 million in Financial Year 2007 and £63.6 million in Financial Year 2006. These increases reflect the combination of yield compression within the valuations together with improved revenue and cash flow performance from the investment property estates and are discussed in more detail in the property valuation section below.

Operating Profit

Operating profit increased by £32.6 million or 36.3% to £122.6 million for Financial Year 2007 from £90.0 million in Financial Year 2006. This increase reflects a combination of factors including the increase in EBITDA before exceptional items generated through the trading movements throughout the year, the significantly reduced exceptional costs in the year and the significant increase in the gain on investment properties covered above and in more detail in the property valuation section below.

Net Finance Costs

Net finance costs consist of interest receivable from bank deposits as well as interest payable and interest on obligations under finance leases as summarised in the table below.

	Financial Year		
	2007 £'000	2006 £'000	% Change
Bank interest receivable	1,381	572	141.4%
Bank and other interest payable	(17,071)	(21,120)	(19.2%)
Interest on obligations under finance leases	(3,316)	(3,947)	(16.0%)
Exceptional write off of debt issue costs on refinancing	-	(4,498)	(100%)
Net finance costs	**(19,006)**	**(28,993)**	**(34.4%)**

The bank interest receivable has benefited from the higher cash balances throughout the second half of Financial Year 2007 reflecting the £35 million primary raised at the time of the IPO.

Bank and other interest payable reflect purely bank interest in Financial Year 2007 whereas it included loan note interest in Financial Year 2006 up to the refinancing in June 2006. It is pleasing to note that, despite the quantum of debt increasing over the period under review, the debt charge has decreased.

The interest on obligations under finance leases reflects part of the costs of the property rental payments traditionally charged to cost of sales under UK GAAP. The total charge for rent under UK GAAP in Financial Year 2007 was £9,118,000 and the remaining £5,802,000 has been offset against the gain on investment properties.

The exceptional write off of the debt issuance costs arose in Financial Year 2006 and did not recur.

The Company has a £237 million senior debt facility provided by a syndicate of six banks, a £60 million capex facility which is provided jointly by Royal Bank of Scotland and HSBC, and a £5 million working capital facility provided by National Westminster Bank. At 31 October 2007, the Company had drawn the senior facility in full, £9.1 million of the capex facility and £0.1 million of the working capital facility.

Under the terms of the facility documents Safestore pays interest at LIBOR plus a margin. The Company has taken out an interest rate hedge swapping LIBOR on £178 million of the debt at 5.24% which runs until June 2011. The Company has recently renegotiated the terms of the senior and capex facilities to introduce a common margin ratchet across both facilities. The margin will ratchet between 90 basis points and 125 basis points dependent upon the Interest Cover Ratio. Under the terms of the previous facility the margin was 125 basis points on the senior facility and 125 basis points to 175 basis points on the capex facility.

All of the above gives significant comfort on the expected financing costs over the remaining 3½ years of the existing facilities.

Gearing

Net borrowings at 31 October 2007 stood at £225.1 million, broadly in line with the balance of £225.5 million at 31 October 2006. During this time Net Assets increased by £111.4 million or 81.6% to £247.9 million at 31 October 2007 from £136.5 million at 31 October 2006. The net impact is that gearing levels reduced to 90.8% at 31 October 2007 from 166.7% at 31 October 2006.

Dividend

As set out at the time of the IPO, it is the Board's intention to adopt a progressive dividend policy. The Company expects to pay interim and full year dividends based on a ratio of approximately one third and two thirds, respectively, of the total annual dividend.

The Board is therefore pleased to recommend a final dividend of 3.0 pence per share bringing the total dividend for the year to 4.5 pence per share. Subject to shareholder approval, the final dividend will be paid on 7 April 2008 to shareholders who are on the Company's register at the close of business on 29 February 2008.

Income tax

Income tax expense increased by £9.6 million or 60.5% to £25.4 million for Financial Year 2007 from £15.8 million for Financial Year 2006. Income tax expense recognised principally reflects deferred tax on investment property movements on the balance sheet. Actual tax paid in each period was insignificant due to the availability of carried forward tax losses in both the United Kingdom and France.

Profit for the year

Profit for the year increased by £33.1 million or 73.2% for Financial Year 2007 to £78.2 million from £45.1 million for Financial Year 2006.

Property valuation

The Company's property portfolio has been valued by Cushman & Wakefield. As at 31 October 2007, the total value of the Company's portfolio was £583.7 million, up £113.1 million (24.0%) from £470.7 million at 31 October 2006. Of the overall uplift of £113.1 million, £92.2 million is derived from the existing store portfolio, from which we estimate that £64.5 million (57.0% of the overall uplift) stems from operational performance, such as higher achievable rents, lease renegotiations and increased occupancy, and £27.7 million (24.5% of the overall uplift) is attributable to yield shift. The remaining £20.9 million (18.5% of the overall uplift) is attributable to new stores opened in the year.

The valuation at 31 October 2007 is £85.8 million up from £497.9 million as at 30 April 2007. Of the overall uplift £67.9 million is derived from the existing store portfolio and we estimate that substantially all of this uplift (79.2% of the overall uplift) stems from operational performance with no gain attributable to yield shift. The remaining £17.9 million (20.8% of the overall uplift) is attributable to new stores opened in the year.

The freehold exit yield for the valuation as at 31 October 2007 was 7.12%, reflecting a 40 bps compression compared to the 31 October 2006 when it was 7.52%. The yield as at 31 October 2007 was approximately 9 bps higher than the yield at 30 April 2007 of 7.03%. The higher yield in the second half was due to a minor realignment of a number of specific stores within the Safestore portfolio. The most important factor in calculating yield movements within self storage is the underlying prime self storage yield. This moved in 50 bps in the first half of the financial year and has remained constant in the second half of the year with rates as at October 2007 and April 2007 being 5.625% in the UK and 6.50% in France respectively. We believe that the yield on self storage assets remains relatively undemanding in comparison to other property asset classes.

The weighted average annual discount rate for the whole portfolio has followed a similar trend to the exit capitalisation rate above. At 31 October 2006 it was 11.48% and moved in to 11.25% at 30 April 2007. We have seen a marginal softening of this in the second half of the year with it being 11.58% at 31 October 2007. This is consistent with the slight movement in yields during the second half of the year and the general reduction in the life of the leasehold assets.

At the year-end the Company's property portfolio consisted of 103 trading stores; the freehold/long leasehold properties were valued at £449.7 million and the short leasehold properties were valued at £134.0 million. Freehold/Long leasehold stores account for 77.0% of the valuation, against only 55% of the portfolio when measured in store numbers, with the remaining 23.0% being attributable to the short leasehold portfolio.

The Company's pipeline of 18 expansion stores (one has opened since the year end valuation) is currently held at cost, amounting to around £31.6 million.

The effect of the valuation has led to an adjusted NAV per share of 198.8 pence representing an increase of 60.4 pence or 43.6% from 138.4 pence as at 31 October 2006, and an increase of 41.4 pence or 26.3% from 157.4 pence as at 30 April 2007.

The valuations have consistently been based on the assumption that purchaser's costs would amount to 5.75% in the UK and 6.2% in France.

Self storage is still a relatively new and specialised asset class in the UK and Europe and this is reflected in the level of our property valuations and the yield applied. We believe that over time familiarity with the assets and their performance will increase and result in a further re-rating of the yields being applied to self storage businesses closer to those prevailing in more mature markets or alternative uses. This, together with our proven ability to drive occupancy levels and rental growth, provides investors in the self storage sector with a combination of growth dynamics which offers good defensive qualities in the current market and deliver long term attractive returns.

Cash Flows

The following table summarises the Group's cash flow activity during the Financial Years 2007 and 2006 in accordance with IFRS:

	Financial Year 2007 £'000	 2006 £'000
Net cash inflow/(outflow) from operating activities	22,561	(35)
Net cash outflow from investing activities	(37,290)	(20,661)
Net cash provided by financing activities	24,303	18,464
Net increase/(decrease) in cash and cash equivalents	**9,574**	**(2,232)**

Net cash inflow/(outflow) from operational activities

There are two main factors influencing the £22.6 million improvement in cash from operating activities in Financial Year 2007 compared to Financial Year 2006. Firstly, the profitability of the Company has risen as described in the income statement notes above. This, mixed with continued good working capital control, has resulted in cash generated from operations increasing by £6.7 million or 20.2% to £39.8 million for Financial Year 2007 from £33.1 million form Financial Year 2006. Second, the net interest paid has fallen by £15.4 million in the year due, in the main, to the one-off nature of the loan note payments to Bridgepoint upon refinancing the debt during Financial Year 2006.

Net cash outflow from investing activities

Cash outflow from investing activities has increased by £16.6 million or 80.5% to £37.3 million for Financial Year 2007 from £20.7 million for Financial Year 2006. Whilst there are several contributing factors affecting this movement it is almost entirely down to the increase in expenditure on investment and development assets. Expenditure in Financial Year 2007 in this area was £45.5 million an increase of £18.2 million or 66.8% from £27.3 million in Financial Year 2006 to finance the growth in the development store pipeline.

Net cash inflow from financing activities

The cash flows from financing activities increased by £5.8 million or 31.6% in Financial Year 2007 to £24.3 million from £18.4 million in Financial Year 2006. This is primarily due to money raised by the issuance of new shares at the time of the IPO in Financial Year 2007 being incrementally higher than the new debt drawn as a result of the refinancing in Financial Year 2006.

Future Liquidity and Capital Resources

The Group anticipates funding any future small to medium acquisitions or new store developments from available cash and borrowings. Borrowings under the existing bank facilities are subject to certain financial covenants.

Annual General Meeting

At the forthcoming Annual General Meeting a proposal will be put before the shareholders to adopt a new set of Articles of Association for the Company which will update the Articles of Association in light of those provisions of the Companies Act 2006 which have come into force since the Articles of Association were adopted pursuant to the special resolution of the Company passed on 8 March 2007 and certain of those which will come into force on 1 October 2008.

R D Hodsden
Chief Financial Officer
22 January 2008

Risk Management

The Company regularly reviews the risk within the Company. It is a fundamental aspect of the business and is subject to regular and ongoing reviews.

Self Storage market risk

While the self storage model appears resilient to an economic and housing market downturn, we would not be completely immune to macro economic factors which could impact financial performance.

We believe that our market leading position in the UK and Paris, our strong brand, depth of management as well as retail expertise and infrastructure would help mitigate the effects of any downturn.

Furthermore, the UK self storage market is still very immature, therefore, although awareness is now starting to grow rapidly there is very little risk of supply outstripping demand in the medium term. The fundamentals for people requiring self storage are also unlikely to change in spite of the threat of an economic downturn. The number of new customers using self storage tends to be lower during a housing downturn, however the average length of stay tends to increase when compared to a strong housing market, as the nature of demand changes. Our current customers have an average length of stay of 80 weeks and are spread between domestic customers and business customers. Whilst a large proportion of domestic customers' storage requirements are related to a house move it is evident by the length of stay and the large number of long term customers that there are other drivers for people to seek a self storage solution.

Our rental rates to customers are not directly correlated to property values and with more than 39,000 customers we have a relatively solid and consistent cash flow with no reliance on any one company or tenant.

Property risk

We regularly review all our properties to ensure they are legally compliant in all aspects and that each store has regular risk assessments carried out. All our properties are insured against a number of perils, events and eventualities. The cover and risk is reviewed on a regular basis.

We have a prudent approach to acquisitions and regularly review the hurdle rates in line with current and forecast market trends, therefore our exposure is limited to any corrections in commercial property values.

Our approach in acquiring seven to ten new stores per annum reduces our dependence on the number of non trading investment properties in relation to the established and mature stores that provide relatively stable and growing cash flow. It also ensures we have a good balance between investment pipeline, new stores, established stores and mature stores.

All new store acquisitions are in high visibility locations and the majority are new purpose built self storage centres. Within the existing estate, we continually review the store portfolio and invest where necessary and plan the relocation of those sites which no longer fit with the brand positioning. Three such recent examples are Eastbourne, Bolton and Southend where we have or plan to relocate from first generation buildings in to modern purpose built self storage centres.

The Board sets internal limits on the individual and aggregate amounts that can be invested at any one time in any proposed investment without planning permission.

Treasury risk

The Company borrows in Sterling and has an interest hedge swap which effectively fixes LIBOR on £178m of borrowings at 5.24% running until June 2011. The interest hedge swap covers approximately 78% of our net debt. The Company has also renegotiated the terms of the senior and capex facilities and introduced a common margin ratchet across both facilities. The margin will ratchet between 90 bps and 125 bps dependent upon the ICR cover compared to fixed margins of 125 bps across both facilities previously.

The Company considers the current and forecast projections of interest cover, covenant head room and cash flow as part of its monthly financial review.

There is some risk to exchange rates as we have a business in France that trades in Euros. This exposure is relatively limited and we constantly review the structure of the Company to mitigate risk and improve returns. We are currently reviewing the structure in France to enable the business to borrow in Europe and in Euros at prevailing EU interest rates.

Taxation risk

The Company is exposed to any changes in legislation in connection with the tax regimes affecting the cost of corporation tax, VAT and stamp duty as well as a number of less material impositions such as empty property relief.

We work closely with our advisors and trade bodies to fully understand the risks and look at how we can mitigate these as well as working with the relevant bodies to challenge specific proposals or current legislation that impacts the business and industry.

Consolidated income statement
for the year ended 31 October 2007

	Note	**Year ended 31 October 2007 £'000**	Year ended 31 October 2006 £'000
Revenue	2	**74,303**	64,313
Cost of sales		**(23,469)**	(21,853)
Gross profit		**50,834**	42,460
Administrative expenses		**(9,474)**	(16,112)
EBITDA before exceptional items and gain on investment properties		**40,725**	33,452
Depreciation		**(123)**	(103)
Exceptional items (net)	7	**758**	(6,245)
Goodwill impairment		**-**	(756)
Operating profit before gain on investment properties		**41,360**	26,348
Gain on the revaluation of investment properties	9	**81,264**	63,631
Operating profit	2	**122,624**	89,979
Finance income		**1,381**	572
Finance expense	3	**(20,387)**	(29,565)
Profit before taxation		**103,618**	60,986
Income tax expense	4	**(25,433)**	(15,849)
Profit for the year (attributable to equity shareholders)		**78,185**	45,137
- **Basic and diluted earnings per share**	8	**43.02p**	26.31p

All items in the income statement relate to continuing operations.

A final dividend of 3.0 pence per ordinary share has been proposed for the year ended 31 October 2007.

Consolidated balance sheet
as at 31 October 2007

	Note	**31 October 2007 £'000**	31 October 2006 £'000
Non-current assets			
Investment property	9	**647,131**	519,291
Development property	9	**31,867**	7,921
Plant, equipment and owner-occupied property		**1,477**	1,408
Deferred tax asset	5	**8,407**	9,633
		688,882	538,253
Non-current assets classified as held for sale		**-**	670
Current assets			
Inventories		**252**	172
Trade and other receivables		**12,730**	10,421
Other financial assets		**-**	8,397
Derivative financial instruments		**3,009**	-
Cash and cash equivalents		**18,583**	9,478
		34,574	28,468
Total assets		**723,456**	567,391
Current liabilities			
Financial liabilities			
- borrowings		**(3,340)**	(5,947)
- derivative financial instruments		**-**	(203)
Trade and other payables		**(41,610)**	(36,673)
Obligations under finance leases		**(8,940)**	(7,719)
Provisions		**-**	(5)
		(53,890)	(50,547)
Non-current liabilities			
Bank borrowings		**(240,386)**	(234,586)
Trade and other payables		**(1,605)**	(1,822)
Deferred tax liabilities	5	**(124,049)**	(101,614)
Obligations under finance leases		**(55,453)**	(41,882)
Provisions		**(130)**	(175)
Pension liability		**-**	(247)
		(421,623)	(380,326)
Total liabilities		**(475,513)**	(430,873)
Net assets		**247,943**	136,518
Equity			
Called up share capital	13, 14	**1,871**	4
Share premium account	14	**28,410**	368
Other reserves	14	**2,068**	(968)
Retained earnings	14	**215,594**	137,114
Equity shareholders' funds	14	**247,943**	136,518

Consolidated statement of recognised income and expense for the year ended 31 October 2007

	Year ended 31 October 2007	Year ended 31 October 2006
	£'000	£'000
Profit for the financial year	**78,185**	45,137
Net exchange adjustment offset in reserves net of tax	**1,120**	(368)
Impact of change in UK tax rate on deferred tax (note 5)	**3,157**	-
Cash flow hedge: net fair value gains net of tax	**1,916**	-
Movement on deferred tax relating to pension deficit	**(74)**	(8)
Actuarial gain recognised in the pension scheme	**-**	3
Net gain/(loss) recognised directly in equity	**6,119**	(373)
Total recognised income in year	**84,304**	44,764

Consolidated cash flow statement
for the year ended 31 October 2007

	Note	**Year ended 31 October 2007 £'000**	Year ended 31 October 2006 £'000
Cash generated from operating activities	15	**39,774**	33,092
Interest paid		**(18,867)**	(33,509)
Interest received		**1,158**	399
Tax received/(paid)		**496**	(17)
Cash inflows/(outflows) from operating activities		**22,561**	(35)
Investing activities			
Acquisition of subsidiaries (net of cash acquired)		**-**	(4,111)
Expenditure on investment and development properties		**(45,495)**	(27,278)
Net proceeds from disposal of investment properties		**-**	6,492
Net proceeds from disposal of assets held for resale		**-**	5,070
Purchase of property, plant and equipment		**(198)**	(17)
Proceeds from sale of property, plant and equipment		**6**	40
Sale of available for sale financial assets		**8,397**	(857)
Cash outflows from investing activities		**(37,290)**	(20,661)
Financing activities			
Issue of share capital		**29,243**	75
Equity dividends paid		**(2,806)**	-
Net proceeds from issue of new borrowings		**9,146**	237,000
Finance lease principal payments		**(5,802)**	(4,873)
Repayment of borrowings		**(5,478)**	(213,738)
Cash inflows from financing activities		**24,303**	18,464
Net increase/(decrease) in cash and cash equivalents		**9,574**	(2,232)
Opening cash and cash equivalents		**9,009**	11,241
Closing cash and cash equivalents		**18,583**	9,009

Reconciliation of net cash flow to movement in net debt for the year ended 31 October 2007

	Year ended 31 October 2007	Year ended 31 October 2006
	£'000	£'000
Net increase/(decrease) in cash and cash equivalents in the year	**9,574**	(2,232)
Cash inflow from increase in debt financing	**(18,454)**	(14,346)
Movement in net debt in the year	**(8,880)**	(16,578)
Net debt at start of year	**(280,656)**	(264,078)
Net debt at end of year	**(289,536)**	(280,656)

1 Accounting policies

Basis of preparation

The financial information set out above (which was approved by the Board on 22 January 2008) has been compiled in accordance with IFRS, but does not contain sufficient information to comply with IFRS. That financial information does not constitute the Company's statutory accounts for the year ended 31 October 2007 for the purpose of Section 240 of the Companies Act 1985 which comply with IFRS, but is extracted from those accounts. The Company's statutory accounts for the year ended 31 October 2007 will be filed with the Registrar of Companies following the Annual General Meeting. The independent auditors' report on those accounts was unqualified and did not contain any statement under Section 237(2) or (3) of the Companies Act 1985. The Company's statutory accounts for the year ended 31 October 2006 have been filed with the Registrar of Companies. The independent auditors' report on those accounts was unqualified and did not contain any statement under Section 237 (2) or (3) of the Companies Act 1985.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 1985 that are applicable to companies reporting under IFRS. The Group has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee relevant to its operations and effective for accounting periods beginning 1 November 2006. IFRS 7 Financial Instruments: Disclosure and IFRS 8 Operating Segments were in issue at the date of authorisation of the financial statements but not yet effective. IFRS 7 and IFRS 8 affect only disclosures and therefore are not expected to have a material impact on the financial statements of the Group.

The financial statements have been prepared using accounting policies which have been applied consistently throughout the year and preceding year.

2 Segmental information

The Group's revenue, profit before income tax and net assets are attributable to one activity; the provision of self storage accommodation and related services. Segmental information is presented in respect of the Group's geographical segment. This is based on the Group's management and internal reporting structure.

The operating profits, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of corporate and head office liabilities.

Year ended 31 October 2007

	UK	France	Group
	£'000	£'000	£'000
Continuing operations			
Revenue	61,440	12,863	**74,303**
Operating profit	108,430	14,194	**122,624**
Financial expenses	(20,240)	(147)	**(20,387)**
Financial income	1,318	63	**1,381**
Profit before tax	89,508	14,110	**103,618**
Income tax expense			**(25,433)**
Profit for the year			**78,185**
Segment assets	622,158	89,882	**712,040**
Unallocated assets			
- derivatives			**3,009**
- tax asset			**8,407**
Total assets			**723,456**
Segment liabilities	(86,637)	(21,101)	**(107,738)**
Unallocated liabilities			
- group borrowings			**(243,726)**
- tax liabilities			**(124,049)**
Total liabilities			**(475,513)**
Net assets			**247,943**
Other segment items			
Capital expenditure			
- development properties	20,380	4,611	**24,991**
- property, plant and equipment	198	-	**198**
Depreciation	(112)	(11)	**(123)**
Impairment of trade receivables	**(224)**	**(406)**	(630)

There were no Inter-segment transfers or transactions entered into during the years ended 31 October 2007 and 31 October 2006.

2 Segmental analysis (continued)

Year ended 31 October 2006

	UK	France	Group
	£'000 Restated	**£'000 Restated**	**£'000**
Continuing operations			
Revenue	52,932	11,381	**64,313**
Operating profit	73,756	16,223	**89,979**
Finance expenses	(28,318)	(1,247)	**(29,565)**
Finance income	572	-	**572**
Profit before tax	46,010	14,976	**60,986**
Income tax expense			**(15,849)**
Profit for the year			**45,137**
Segment assets	487,448	70,310	**557,758**
Unallocated assets			
- tax assets			**9,633**
Total assets			**567,391**
Segment liabilities	(73,703)	(20,767)	**(94,470)**
Unallocated liabilities			
- group borrowings			**(234,586)**
- derivatives			**(203)**
- tax liabilities			**(101,614)**
Total liabilities			**(430,873)**
Net assets			**136,518**
Other segment items			
Capital expenditure			
- development properties	7,921	-	**7,921**
- property, plant and equipment	20	-	**20**
Depreciation	(92)	(11)	**(103)**
Impairment of trade receivables	(88)	(519)	**(607)**

Deferred tax assets of £9.63m have been reclassified as unallocated in the year.

Administrative costs of £1,685,000 and finance costs of £940,000 have been reclassified between the UK and France for the year ended 31 October 2006 for comparison purposes.

3 Finance expense

	Year ended 31 October 2007	Year ended 31 October 2006
	£'000	£'000
Finance costs:		
Interest payable on bank loans and overdrafts	**(16,235)**	(10,852)
Amortisation of debt issue costs on bank loan	**(660)**	(1,105)
Interest payable on other loans	**(176)**	(8,951)
Interest payable on pension scheme	**-**	(9)
Interest on finance lease obligations	**(3,316)**	(3,947)
Change in fair value of interest rate swaps	**-**	(203)
Finance cost before exceptional item	**(20,387)**	(25,067)
Exceptional write off of debt issue costs on refinancing	**-**	(4,498)
Finance costs	**(20,387)**	**(29,565)**

4 Taxation

Analysis of charge in year

	2007	2006
	£'000	£’000
Current tax:		
UK Corporation tax charge	**(76)**	(13)
Adjustment in respect of prior year	**568**	-
Deferred tax		
- Current year	**(26,073)**	(15,770)
- Adjustment in respect of prior year	**148**	(66)
Tax expense	**(25,433)**	(15,849)

4 Taxation (continued)

Reconciliation of income tax charge

The tax for the year is lower (2006: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007	2006
	£'000	£'000
Profit before taxation	**103,618**	60,986
Tax calculated at domestic tax rates applicable in the UK: 30% (2006: 30%)	**31,085**	18,296
Effect of:		
Expenses not deductible for tax purposes	**442**	1,354
Release of provisions not subject to tax	**(1,407)**	-
Indexation on property revaluation	**(475)**	(441)
French tax losses not previously recognised	**(71)**	(1,127)
Prior year adjustment on change in use of property	**-**	(1,387)
Prior year adjustments	**(716)**	66
Income not taxable for tax purposes	**-**	(912)
Remeasurement of deferred tax change in UK tax rate	**(3,425)**	-
Tax expense	**25,433**	15,849

5 Deferred tax

The movement on the deferred tax account is as shown below:

	2007	2006
	£'000	£'000
At 1 November	**(91,981)**	(75,418)
Profit and loss charge	**(25,925)**	(15,849)
Charged to equity	**(819)**	(37)
Tax rate change – charged to equity	**3,157**	-
Exchange differences	**(74)**	79
Acquisitions	**-**	(756)
At 31 October	**(115,642)**	(91,981)
Deferred tax asset	8,407	9,633
Deferred tax liability	(124,049)	(101,614)

	(115,642)	(91,981)

5 Deferred tax (continued)

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2006: 30%).

At 31 October 2007, the Group had capital losses of £2.6 million (2006: £2.6 million) in respect of its UK operations.

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

6 Dividends

The dividend paid in 2007 was £2,806,000 (1.5p per share). A dividend in respect of the year ended 31 October 2007 of 3.0p per share, amounting to a dividend payment of £5,612,000, is to be proposed at the annual general meeting on 27 March 2008. The ex-dividend date will be 27 February 2008 and the record date 29 February 2008, with an intended payment date of 7 April 2008. The final dividend has not been included as a liability at 31 October 2007.

7 Exceptional items

Exceptional items (included within administrative expenses) that have been credited/(charged) during the year are set out below:

	2007	2006
	£'000	£'000
Professional fees (IPO process)	**(2,157)**	-
Pension restructuring costs	**(307)**	-
Cost of share issues (IFRS 2)	**3,222**	(6,245)
Exceptional income/(expense)	**758**	(6,245)

The costs of share issues in 2005 and 2006 relate to an exceptional IFRS 2 charge of £6.2m on the issue of shares to employees at below market value and related tax costs, and in 2006 also include the bonus costs to certain employees in lieu of share awards not issued. £3.2m of this charge was released in the second half of this year following agreement of share valuations.

8 Earnings per ordinary share

Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 October 2007			Year ended 31 October 2006		
	Earnings £m	**Shares million**	**Pence per share**	Earnings £m	Shares million	Pence per share
Basic and Diluted	**78.19**	**181.77**	**43.02**	45.14	171.55	26.31
Adjustments:						
Gain on investment properties	**(81.26)**	**-**	**(44.71)**	(63.63)	-	(37.08)
Exceptional items	**(0.76)**	**-**	**(0.41)**	6.25	-	3.64
Goodwill impairment	**-**	**-**	**-**	0.76	-	0.44
Exceptional finance costs	**-**	**-**	**-**	4.50	-	2.62
Tax on adjustments	**18.52**	**-**	**10.18**	13.75	-	8.02
Adjusted	**14.69**	**181.77**	**8.08**	6.77	171.55	3.95

The number of shares for the year ended 31 October 2006 has been adjusted for the bonus share issues prior to the IPO.

9 Property portfolio

Investment properties, development properties and interest in leasehold properties

	Investment properties	**Interest in leasehold properties**	**Total Investment properties**	**Development properties**
	£'000	**£'000**	**£'000**	**£'000**
At 1 November 2006	469,690	49,601	519,291	7,921
Additions	23,033	20,594	43,627	24,991
Reclassifications	1,743	-	1,743	(1,743)
Revaluation	87,066	(5,802)	81,264	-
Transfer of asset held for resale	-	-	-	670
Exchange movements	1,206	-	1,206	28
At 31 October 2007	**582,738**	**64,393**	**647,131**	**31,867**

10 Valuations

	Deemed cost	Valuation	Revaluation on deemed cost
	£'000	£'000	£'000
Freehold stores			
As at 1 November 2006	195,252	356,690	161,438
Movement in year	16,908	92,867	75,959
At 31 October 2007	**212,160**	**449,557**	**237,397**
Leasehold stores			
As at 1 November 2006	47,702	113,000	65,298
Movement in year	9,074	20,181	11,107
At 31 October 2007	**56,776**	**133,181**	**76,405**
All stores			
As at 1 November 2006	242,954	469,690	226,736
Movement in year	25,982	113,048	87,066
At 31 October 2007	**268,936**	**582,738**	**313,802**

The valuation of £583.1m excludes £1 million in respect of owner occupied property.

The freehold and leasehold investment properties have been valued as at 31 October 2007 by external valuers, Cushman & Wakefield, Real Estate Consultants ("C&W"). The valuation has been carried out in accordance with the RICS Appraisal and Valuation Standards published by The Royal Institution of Chartered Surveyors ("the Red Book"). The valuation of each of the investment properties has been prepared on the basis of Market Value as a fully equipped operational entity, having regard to trading potential. The valuation has been provided for accounts purposes and as such, is a Regulated Purpose Valuation as defined in the Red Book. In compliance with the disclosure requirements of the Red Book, C&W have confirmed that:

- The members of the RICS who have been the signatories to the valuations provided to the Company for the same purposes as this valuation have been so since October 2004.
- C&W do not provide other significant professional or agency services to the Company.
- In relation to the preceding financial year of C&W, the proportion of the total fees payable by the Company to the total fee income of the firm is less than 5%.
- C&W have continuously been carrying out this valuation for the same purposes as this valuation on behalf of the Company since October 2004.

Valuation method and assumptions

The valuation of the operational self-storage facilities has been prepared having regard to trading potential. Cashflow projections have been prepared for all of the properties reflecting estimated absorption, revenue growth and expense inflation. A discounted cash flow method of valuation based on these cash flow projections has been used to arrive at Market Value for these properties.

C&W have adopted different approaches for the valuation of the leasehold and freehold assets as follows:

10 Valuations (continued)

Freehold (UK and France)

The valuation is based on a discounted cash flow of the net operating income over a ten year period and notional sale of the asset at the end of the tenth year.

Leasehold (UK)

The same methodology has been used as for freeholds, except that no sale of the assets in the tenth year is assumed but the discounted cash flow is extended to the expiry of the lease.

Leasehold (France)

In relation to the French commercial leases C&W have valued the cash flow projections in perpetuity due to the security of tenure arrangements in that market and the potential compensation arrangements in the event of the landlord wishing to take possession. The valuation treatment is therefore the same as for the freehold properties. Our capitalisation rates on these stores reflect the risk of the landlord terminating the lease arrangements.

11 Financial Liabilities

Current

	2007	2006
	£'000	£'000
Bank loans and overdrafts due within one year or on demand:		
Secured – bank loans	**4,000**	-
Debt issue costs – due within one year	**(660)**	-
Secured – bank overdraft	**-**	469
	3,340	469
Other borrowings		
Loan notes - deferred consideration for acquisition [(1)]	**-**	5,478
	3,340	5,947

11 Financial Liabilities (continued)

Non-current

	2007	2006
	£'000	£'000
Bank loans:		
Secured [(2)]	**242,146**	237,000
Debt issue costs - due within one year	**-**	(660)
- due after one year	**(1,760)**	(2,420)
	240,386	233,920
Other borrowings:		
Convertible preferred ordinary shares	**-**	666
	240,386	234,586

Finance costs of £2,420,000 (2006: £3,080,000) have been capitalised against bank loans and other borrowings and are being amortised over the life of the banking and loan facilities.

1. The bank loans and overdrafts are secured by a fixed charge over the group's investments property portfolio. In July 2006, as part of the interest rate management strategy the group entered into one interest rate swap for a notional principal amount of £177,750,000 commencing in December 2006 and maturing in July 2011. Under this swap, the group receives interest on a variable basis and pays interest at a rate of 5.21525%.
2. Deferred consideration for acquisitions relates to deferred loan notes payable of £5,348,000 for the acquisition of a subsidiary by Mentmore Plc. The loan notes were redeemed during the year.

12 Adjusted net assets per share

Analysis of net asset value	**Year ended 31 October 2007 £'000**	Year ended 31 October 2006 £'000
Net asset value	**247,943**	136,518
Redesignation of preferred share capital	**-**	666
Basic and diluted net asset value	**247,943**	137,184
Adjustments:		
Deferred tax on revaluation	**124,049**	101,614
Adjusted net asset value	**371,992**	238,798
Basic net assets per share (pence)	**132.5**	79.5
Diluted net assets per share (pence)	**132.5**	79.5
Adjusted net assets per share (pence)	**198.8**	138.4
	Number	Number
Shares in issue	**187,083,333**	25,875,000
Redesignation of preferred share capital	**-**	146,625,000
Basic and diluted shares used for calculation	**187,083,333**	172,500,000

Net assets per share are shareholders' funds divided by the number of shares at the period end.

Adjusted net assets per share excludes deferred tax on the revaluation uplift on freehold and leasehold properties.

13 Share capital

	Year ended 31 October 2007 £'000	Year ended 31 October 2006 £'000
Authorised		
300,000,000 (2006: 375,000) ordinary shares of 1p each	3,000	4
Called up, issued and fully paid		
187,083,333 (2006: 375,000) ordinary shares of 1p each	1,871	4

Ordinary shares

The holders of the ordinary shares shall be entitled to one vote for each ordinary share. On a return of capital on liquidation, capital reduction or otherwise the surplus assets of the Group remaining after the payment of its liabilities shall be applied, subject to the payment of all amounts payable to the holders of the preferred ordinary shares.

Preferred ordinary shares

The value of preferred ordinary shares including share premium of £666,000 have been transferred to other debt at 31 October 2006 as they have a right to a dividend of 15% of net profits cumulative from 1 November 2006.

On 21 February 2007 the Company carried out a bonus issue of two Ordinary Shares for each Ordinary Share and two Preferred Ordinary Shares for each Preferred Ordinary Share of the Company that was in issue. By a resolution passed on 8 March 2007, the Company resolved, conditional upon Admission, to (i) redesignate the Preferred Ordinary Shares as Ordinary Shares, and (ii) to make a further bonus issue of twenty two Ordinary Shares for each Ordinary Share the Company has in issue. This restructuring increased the Company's issued share capital by 165,000,000 Ordinary Shares to 172,500,000 Ordinary Shares. On 14 March 2007 the Company issued 14,583,333 Ordinary Shares through an Initial Public Offering on the London Stock Exchange at a share price of £2.40, generating share premium of £29,097,000 after deducting costs of issuing of £5,757,000 which have been offset against the share premium created on issue.

14 Statement of changes in shareholders' equity

Group	Share capital	Share premium	Translation reserve	Hedge reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 November 2006	4	368	(968)	-	137,114	136,518
Profit for the year	-	-	-	-	78,185	78,185
Share based payment	-	-	-	-	18	18
Exchange differences on translation of foreign operations	-	-	1,120	-	-	1,120
Redesignation of preferred shares	21	645	-	-	-	666
Adjustment in respect of share issue	1,700	(1,700)	-	-	-	-
Shares issued	146	29,097	-	-	-	29,243
Interest swap movement (net of tax)	-	-	-	1,916	-	1,916
Movement on deferred tax relating to pension deficit	-	-	-	-	(74)	(74)
Tax rate change	-	-	-	-	3,157	3,157
Dividends	-	-	-	-	(2,806)	(2,806)
Balance at 31 October 2007	1,871	28,410	152	1,916	215,594	247,943

The translation reserve, £152,000 (2006: £968,000) comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

15 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

Cash generated from continuing operations

	2007	2006
	£'000	£'000
Profit before income tax	**103,618**	60,986
Adjustments for:		
Gain from fair value adjustment on investment properties	**(81,264)**	(63,631)
Depreciation	**123**	103
Negative goodwill written back/(goodwill impairment)	**-**	756
Finance income	**(1,381)**	(572)
Finance expense	**20,387**	29,565
Employee share options	**18**	-
Changes in working capital:		
Increase in inventories	**(80)**	(35)
Decrease in trade and other receivables	**(2,085)**	702
Increase in trade and other payables	**735**	5,390
Decrease in pension scheme liabilities	**(247)**	(124)
Decrease in provisions	**(50)**	(48)
Cash generated from continuing operations	**39,774**	33,092